

REAL ESTATE CONTRACT

THIS CONTRACT OF SALE is made by and between the CITY OF COLLEGE STATION, TEXAS, a Texas Home Rule Municipal Corporation, situated in Brazos County, Texas ("SELLER"), and MICHAEL CHAD CANNON ("BUYER"), upon the terms and conditions set forth herein.

ARTICLE I PURCHASE AND SALE

1.1 SELLER agrees to sell and convey in fee simple by Special Warranty Deed with Vendor's Lien, and BUYER agrees to purchase and pay for the tract of land known as 111 Luther, College Station, Brazos County, Texas, more particularly described on Exhibit "A" attached hereto and incorporated herein by reference for all purposes ("PROPERTY"), together with all and singular the rights and appurtenances pertaining to the PROPERTY, together with SELLER's interest in any improvements and fixtures situated on and attached to the PROPERTY, for the consideration and subject to the terms, provisions, and conditions set forth herein. This Contract by SELLER to sell the PROPERTY is subject to approval by the City Council of the City of College Station, Texas; such approval indicated by signature of SELLER's representatives to this Real Estate Contract.

1.2 Within ten (10) calendar days of the execution of this Contract, SELLER shall request BRAZOS COUNTY ABSTRACT COMPANY to furnish a Commitment for Title Insurance (the "Title Commitment") to insure indefeasible title to the BUYER for Buyer's review together with legible copies of all instruments referred to in the Title Commitment. The SELLER shall request the title company to furnish these items to BUYER within fifteen (15) calendar days of the date of this Contract. BUYER shall have a period of five (5) business days (the "Title Review Period") after receipt of the Title Commitment and the copies of the instruments referred to in Schedule B as exceptions within which to notify SELLER of BUYER's objection to any item shown on or referenced by those documents (the "Reviewable Matters"). Any Reviewable Matter to which BUYER does not object within the Title Review Period shall be deemed to be accepted by BUYER. If BUYER objects to any such Reviewable Matter and gives notice to SELLER as provided herein, SELLER may at its election, on or before closing, attempt to cure same. If SELLER fails to cure same by the closing date, or is unwilling to cure same, the closing date shall be extended for five (5) business days for BUYER to either (a) waive such objections and accept such title as SELLER is able to convey or (b) terminate this Contract by written notice to the Title Company and to SELLER, in which case the earnest money shall be refunded to BUYER, and neither SELLER nor BUYER shall have any further rights or obligations under this Contract.

1.3 SELLER shall provide a Survey, showing, without limitation, all adjacent property lines, record ownership of adjoining properties, encroachments, easements, rights-of-way and other encumbrances of record. The survey shall reflect any encroachments onto or by the PROPERTY onto adjoining properties. BUYER shall have a period of five (5) business days (the "Survey Review Period") after receipt of the Survey within which to notify SELLER of BUYER's objection to any item shown on or referenced on the Survey. Any Reviewable Matter to which BUYER does not object within the Survey Review Period shall be deemed to be accepted by BUYER. If BUYER objects to any such Reviewable Matter and gives notice to SELLER as provided herein, SELLER may at its election, on or before closing, attempt to cure same. If SELLER fails to cure same by the closing date, or is unwilling to cure same, the closing date shall be extended for five (5) business days for BUYER to either (a) waive such objections and accept such title as SELLER is able to convey or (b) terminate this Contract by written notice to the Title Company and to SELLER, in which case any earnest money shall be refunded to BUYER, and neither SELLER nor BUYER shall have any further rights or obligations under this Contract. The description, as prepared by the surveyor, shall be used in the Special Warranty Deed with Vendor's Lien.

1.4 SELLER is a tax-exempt entity.

1.5 The sale of the PROPERTY shall be made by a Special Warranty Deed with Vendor's Lien from SELLER to BUYER in the form prepared by BUYER attached hereto as Exhibit "B".

ARTICLE II PURCHASE PRICE

2.1 The purchase price for said PROPERTY shall be the sum of EIGHTY-THREE THOUSAND SEVENTEEN and NO/100 DOLLARS (\$83,017.00). The purchase price shall be payable as follows: EIGHT HUNDRED THIRTY and NO/100 DOLLARS (\$830.0) as a credit for the consideration heretofore paid for the PROPERTY, and the balance payable at closing.

EARNEST MONEY

2.2 BUYER shall deposit EIGHT HUNDRED THIRTY AND NO/100 DOLLARS (\$830.00) as earnest money with BRAZOS COUNTY ABSTRACT COMPANY at College Station, Texas; as escrow agent, upon execution of this Contract by both parties.

ARTICLE III REPRESENTATIONS AND WARRANTIES OF SELLER

3.1 SELLER hereby represents and warrants to BUYER as follows:

(a) SELLER has the full right, power, and authority to enter into and perform its obligations under this Contract.

(b) SELLER has no actual knowledge of any parties in possession of any portion of the PROPERTY, either as lessees, tenants at sufferance, trespassers, or other persons in possession. Additionally, SELLER has no actual knowledge of any action by adjacent landowners, or any natural or artificial conditions upon the PROPERTY, or any significant adverse fact or condition relating to the PROPERTY, which has not been disclosed in writing to BUYER by SELLER, which would prevent, limit, impede or render more costly BUYER's contemplated use of the PROPERTY.

(c) SELLER has no actual knowledge of any pending or threatened condemnation or similar proceedings or assessment affecting the PROPERTY or any part thereof. SELLER has no actual knowledge of any such proceedings or assessments contemplated by any governmental entity.

(d) If SELLER obtains actual knowledge of any such matter subsequent to the date of this Contract that would make any of the representations or warranties untrue if made as of closing, SELLER shall notify BUYER, and BUYER shall have the election of terminating the Contract and receiving back its earnest money, in which case neither party shall have any further obligation to the other.

(e) SELLER is not a "foreign person" within the meaning of the Internal Revenue Code of 1986, as amended, Sections 1445 and 7701 (i.e., SELLER is not a non-resident alien, foreign corporation, foreign partnership, foreign trust or foreign estate as those terms are defined in the Code and regulations promulgated thereunder).

(f) To the best of SELLER's knowledge there are no unpaid charges, debts, liabilities, claims or obligations arising from any construction, occupancy, ownership, use or operation of the PROPERTY, or the business operated thereon, if any, which could give rise to any mechanic's or materialmen's or other statutory lien against the PROPERTY, or any part thereof, or for which BUYER will be responsible.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF BUYER

4.1 BUYER represents and warrants to SELLER as of the effective date and as of the closing date that:

(a) BUYER has the full right, power, and authority to purchase the PROPERTY from SELLER as provided in this Real Estate Contract and to carry out BUYER's obligations under this Real Estate Contract, and all requisite action necessary to authorize BUYER to enter into this Real Estate Contract and to carry out BUYER's obligations hereunder has been obtained or on or before closing will have been taken.

(b) BUYER will comply with all requirements of BID #04-12 which is a part of the terms, conditions, covenants and restrictions of the sale.

ARTICLE V CLOSING

5.1 The closing shall be held at BRAZOS COUNTY ABSTRACT COMPANY, within forty-five (45) calendar days from the execution and tender of this Real Estate Contract by BUYER, at such time and date as SELLER and BUYER may agree upon (the "closing date").

5.2 At the closing, SELLER shall:

(a) Deliver to BUYER the duly executed and acknowledged Special Warranty Deed with Vendor's Lien prepared by SELLER conveying good and indefeasible title in the PROPERTY, free and clear of any and all liens, encumbrances, except for the Reviewable Matters and subject to the BUYER's election to terminate this Real Estate Contract in the event BUYER disapproves of any Reviewable Matter, which objection is to be cured by SELLER on or prior to the closing as provided by Article I of this Contract.

(b) Deliver possession of the PROPERTY to BUYER.

(c) Deliver to BUYER, at BUYER's expense, a Title Policy insuring indefeasible title issued by BRAZOS COUNTY ABSTRACT COMPANY, in BUYER's favor in the full amount of the purchase price, insuring BUYER's fee simple interest in the PROPERTY subject only to such exceptions as shown on the Title Commitment and not objected to by BUYER prior to closing.

(d) Prepare, at its cost, the Special Warranty Deed with Vendor's Lien document.

(e) Pay the SELLER's expenses and attorney fees, if any.

5.3 Upon such performance by SELLER at closing, BUYER shall:

(a) Pay the balance of the purchase price and all closing costs, with the exception of pro-rated taxes, at closing.

(b) Execute a third party, first lien promissory note and deed of trust in favor of _____.

(c) Execute a second lien real estate lien note and deed of trust in favor of the City of College Station, Texas in the amount of FIFTEEN THOUSAND and NO/100 DOLLARS (\$15,000.00).

(d) Pay the escrow fees.

(e) Pay the title insurance.

(f) Pay the costs to obtain, deliver and record all documents including but not limited to, the Special Warranty Deed with Vendor's Lien from SELLER to BUYER and Deed of Trust securing second lien note to the City of College Station.

(g) Pay the BUYER's expenses or attorney fees.

(h) Pay the additional premium for the survey/boundary deletion in the title policy, if the deletion is requested by BUYER.

(i) Pay the costs of work required by BUYER to have the survey reflect matters other than those required under this Real Estate Contract.

ARTICLE VI SPECIAL CONDITIONS

6.1 Both parties agree that the sale of this PROPERTY is subject to Title II of the Cranston-Gonzalez National Affordable Housing Act, as amended (42 United States Code §§ 12701 et seq.) and 24 Code of Federal Regulations Part 92, the City of College Station Community Development Downpayment Assistance Program, the General Administrative Guidelines, and the BID #04-12.

6.2 EXCEPT FOR THE REPRESENTATIONS CONTAINED IN THIS REAL ESTATE CONTRACT BETWEEN BUYER AND SELLER, BUYER ACKNOWLEDGES THAT SELLER HAS NOT MADE AND DOES NOT MAKE ANY REPRESENTATIONS AS TO THE PHYSICAL CONDITION OF THE PROPERTY, OR ANY OTHER MATTER AFFECTING OR RELATED TO THE PROPERTY (OTHER THAN WARRANTIES OF TITLE AS PROVIDED AND LIMITED HEREIN). BUYER EXPRESSLY AGREES THAT TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE PROPERTY IS CONVEYED "AS IS" AND "WITH ALL FAULTS", AND SELLER EXPRESSLY DISCLAIMS, AND BUYER ACKNOWLEDGES AND ACCEPTS THAT SELLER HAS DISCLAIMED, ANY AND ALL REPRESENTATIONS, WARRANTIES OR GUARANTIES OF ANY KIND, ORAL OR WRITTEN, EXPRESS OR IMPLIED (EXCEPT AS TO TITLE AS HEREIN PROVIDED AND LIMITED) CONCERNING THE PROPERTY, INCLUDING WITHOUT LIMITATION (i) THE VALUE, CONDITION, MERCHANTABILITY, HABITABILITY, MARKETABILITY, PROFITABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR USE OR PURPOSE, OF THE PROPERTY (ii) THE MANNER OR QUALITY OF THE CONSTRUCTION, OR THE MATERIALS, IF ANY, INCORPORATED INTO THE CONSTRUCTION, OF ANY IMPROVEMENTS TO THE PROPERTY AND (iii) THE

MANNER OF REPAIR, QUALITY OF REPAIR, STATE OF REPAIR OR LACK OF REPAIR OF ANY SUCH IMPROVEMENTS. BY BUYER'S ACCEPTANCE OF THIS REAL ESTATE CONTRACT, BUYER REPRESENTS THAT BUYER HAS MADE (i) ALL INSPECTIONS OF THE PROPERTY TO DETERMINE ITS VALUE AND CONDITION DEEMED NECESSARY OR APPROPRIATE BY BUYER, INCLUDING, WITHOUT LIMITATION, INSPECTIONS FOR THE PRESENCE OF ASBESTOS, PESTICIDE RESIDUES, HAZARDOUS WASTE AND OTHER HAZARDOUS MATERIALS AND (ii) INVESTIGATIONS TO DETERMINE WHETHER ANY PORTION OF THE PROPERTY LIES WITHIN ANY FLOOD HAZARD AREA AS DETERMINED BY THE U.S. ARMY CORPS OF ENGINEERS OR OTHER APPLICABLE AUTHORITY.

6.3 BID #_____ is attached hereto as Exhibit _____ and incorporated herein by reference.

ARTICLE VII
BREACH BY SELLER

7.1 In the event SELLER fails to fully and timely perform any of its obligations under this Contract or fails to consummate the sale of the PROPERTY for any reason except BUYER's default, BUYER may:

- (a) Enforce specific performance of this agreement; and/or
- (b) Bring suit for damages against SELLER.

ARTICLE VIII
BREACH BY BUYER

8.1 In the event BUYER fails to consummate the purchase of the PROPERTY (BUYER being in default and SELLER not being in default hereunder), SELLER shall have the right to bring suit against BUYER only for expectancy and incidental damages, if any.

ARTICLE IX
MISCELLANEOUS

9.1 Survival of Covenants: Any of the representations, warranties, covenants, and agreements of the parties, as well as any rights and benefits of the parties, pertaining to the period of time following the closing date, shall survive the closing and shall not be merged by deed or otherwise be extinguished.

9.2 Notice: Any notice required or permitted to be delivered by this Contract shall be deemed received when sent by United States mail, postage prepaid, certified mail, return receipt

requested, addressed to SELLER or BUYER, as the case may be, at the addresses set forth below:

SELLER: City of College Station
Legal Department
1101 Texas Avenue
College Station, Texas 77840

BUYER: Michael/Chad Cannon
2898 Fm 974
Bryan, TX 77808

9.3 Texas Law to Apply: This Contract shall be construed under and in accordance with the laws of the State of Texas, and all obligations of the parties created by this Contract are to be performed in Brazos County, Texas.

9.4 Parties Bound: This Contract shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors and assigns. The persons executing this Contract do so in their capacities as set forth below and in no other capacity whatsoever, and such persons shall have no personal liability for executing this Contract in a representative capacity. All such liability is limited to the principal for which they execute this document as a representative.

9.5 Invalid Provision: In case any one or more of the provisions contained in this Contract shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Contract, and this Contract shall be construed as if such invalid, illegal, or unenforceable provision had never been contained in the Contract. In lieu of such illegal, invalid or unenforceable provision, there shall be added automatically as part of this Contract a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

9.6 Construction: The parties acknowledge that each party and its counsel have reviewed and revised this Contract and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Contract or any amendments or exhibits hereto.

9.7 Prior Agreements Superseded: This Contract embodies the entire agreement of the parties and supersedes any and all prior understandings or written or oral agreements between the parties respecting subject matter within and may only be amended or supplemented by an instrument in writing executed by the party against whom enforcement is sought.

9.8 Time of Essence: Time is of the essence to this Contract.

9.9 Gender: Words of any gender used in this Contract shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, and vice versa, unless the context requires otherwise.

9.10 Multiple Counterparts: This Contract may be executed in a number of identical counterparts. If so executed, each of the counterparts shall, collectively, constitute but one agreement. In making proof of this Contract it shall not be necessary to produce or account for more than one counterpart.

9.11 Memorandum of Contract: Upon request of either party, both parties shall promptly execute a memorandum of this agreement suitable for filing of record.

EXECUTED on this the _____ day of May, 2004.

SELLER:

BUYER:

CITY OF COLLEGE STATION

BY: _____

RON SILVIA, Mayor

Date: _____



Printed Name: Michael Chad Cannon

Date: 5/14/04

ATTEST:

CONNIE HOOKS, City Secretary

Date: _____

APPROVED:

THOMAS E. BRYMER, City Manager
Date: _____

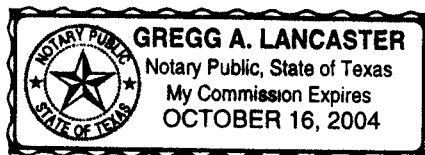
CHARLES CRYAN, Director of Fiscal Services
Date: _____

Roxanne Hemack

City Attorney
Date: 5-14-04

THE STATE OF TEXAS §
 § ACKNOWLEDGMENT
COUNTY OF BRAZOS §

This instrument was acknowledge before me on the 14th day of May, 2004, by
MICHAEL CHAD CANNON.



[Signature]

Notary Public in and for the State of Texas

THE STATE OF TEXAS §
 § ACKNOWLEDGMENT
COUNTY OF BRAZOS §

 This instrument was acknowledge before me on the ____ day of _____, 2004,
by _____, as _____ of the CITY OF COLLEGE STATION, a
Texas Home Rule Municipal Corporation, on behalf of said municipality.

Notary Public in and for the State of Texas

EXHIBIT "A"

All that certain lot, tract or parcel of land lying and being situated in Brazos County, Texas, and being Lot Four (4), Block "A", West Park 2nd Addition, City of College Station, Brazos County, Texas, according to plat thereof recorded in Volume 128, Page 574, of the Official Records of Brazos County, Texas.